

REMARKS

I. Formalities

Claims 1-9 and 11-39 are in the subject patent application. Applicant cancels without prejudice claim 10 and amends claims 1, 5-6, 11-13, 19, and 23 herein. Specifically, Applicant amends claim 1 to incorporate the limitations originally included in claim 10 and amends claims 12-13 to depend from claim 1, instead of cancelled claim 10. Applicant also amends claims 5 and 6 to overcome the 35 U.S.C. §112 rejection. Applicant amends claim 19 to include the limitation of “arranging a loan for a principal amount to the tribal member.” Finally, Applicant amends claims 11 and 23 to correspond to amended claims 1 and 19, respectively. No new matter is added herein by these amendments, and the amendments to at least claims 11-13 and 23 are not made for a reason related to patentability.

II. Claims 5 and 6 Are Allowable over 35 U.S.C. §112

The USPTO rejects claims 5 and 6 under 35 U.S.C. §112, second paragraph, as being indefinite for allegedly failing to particularly point out and distinctly claim the subject matter because the phrase “deducting steps” in claims 5 and 6 lacked antecedent basis. Applicant amends claims 5 and 6 to remove the “deducting steps” phrase. Accordingly, Applicant respectfully requests the rejection of claims 5 and 6 be withdrawn.

III. Claims 1-9 and 11-39 Are Allowable in View of 35 U.S.C. §101

Amended claims 1-9 and 11-39 overcome the rejection under 35 U.S.C. §101 as being allegedly directed towards non-statutory subject matter because amended independent claims 1, 19, and 25 contain patentable subject matter.

Section 101 of Title 35 of the U.S.C. lists subject matter eligible for patent protection, namely, “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” A patent-eligible process under Section 101 is one that: (1) “is tied to a particular machine or apparatus,” or (2) “transforms a particular article into a different state or thing.” *In re Bilski*, 545 F.3d 943, 954 (2008).

Amended independent claim 1 requires, in part, “receiving into the deferred income account a deferred portion of a first one of the plurality of monetary payments in order to increase a balance of the deferred income account; making a loan for a principal amount to the second entity; after receiving the deferred portion of the first one of the plurality of monetary payments, providing a first portion of the balance of the deferred income account for obtaining the payout amount; [and] repeating the receiving step for subsequent ones of the plurality of monetary payments.”

Amended independent claim 19 requires, in part, “receiving into the deferred income account a deferred portion of a first one of the plurality of monetary payments in order to increase a balance of the deferred income account; arranging a loan for a principal amount to the tribal member; ... after receiving the deferred portion of the first one of the plurality of monetary payments, forwarding a first portion of the deferred income account to a third party such that the

third party can arrange to obtain the payout amount; [and] repeating the receiving and deducting steps for subsequent ones of the plurality of monetary payments.”

Amended independent claim 25 requires, in part, “receiving into the deferred income account a deferred portion of a first one of the plurality of monetary payments in order to increase a balance of the deferred income account; ... after receiving the deferred portion of the first one of the plurality of monetary payments, using a first portion of the balance of the deferred income account to obtain the payout amount; loaning a principal amount to the tribal member; providing an insurance policy on a life of the tribal member, the insurance policy having a death benefit; [and] repeating the receiving and deducting steps for subsequent ones of the plurality of monetary payments.”

Applicant respectfully submits amended independent claims 1, 19, and 25 transform a particular article. The central purpose of claims 1, 19, and 25 are to transform the article (e.g., taxable income) into a different state (e.g., a non-taxable loan). *See Id.* at 994 (“the transformation must be central to the purpose of the claimed process”). Accordingly, claims 1, 19, and 25, and claims 2-9, 11-18, 20-24, and 26-39, which depend therefrom, include patentable subject material.

IV. Claims 1-9 and 11-39 Are Allowable in View of 35 U.S.C. §103

A. Amended Claim 1 Is Allowable over Private Letter Ruling 199908006 in view of McCain and Burgess

Amended independent claim 1 overcomes the rejection under 35 U.S.C. §103(a) as being allegedly obvious over Private Letter Ruling 199908006 (“PLR”) in view of U.S. Patent

Publication No. 2002/004771 to McCain and in further view of U.S. Patent No. 5,966,693 to Burgess because the combination of PLR, McCain and Burgess does not teach or suggest every limitation of amended claim 1.

Claim 1, as amended, requires, in part, a “method of increasing a realized portion of a plurality of monetary payments that are to be paid on a periodic basis by a first entity to a second entity the method comprising: ... making a loan for a principal amount to the second entity” (emphasis added). PLR does not teach or suggest this limitation. PLR teaches a method that allows member of a Tribe to defer per capita distributions. However, PLR fails to teach or suggest making a loan for a principal amount to the second entity (e.g. the member of the Tribe), as required by claim 1.

McCain does not provide the missing teaching of PLR. McCain teaches method of setting-up an employee deferred income plan. Specifically, McCain teaches:

One or more of employer's 20 employees 40 elect to defer at least some portion of their salary due them from employer 20, creating an unsecured promise by the employer 20 to pay future benefit amounts to the employees 40. In turn, the employer 20 agrees to defer an amount from its stream of income which flows from non-taxable entity 10 which is equal to the aggregate employee 40 deferrals, with such amounts being used by non-taxable entity 10 to establish non-qualified creditor-proof indemnification trust accounts 30 for the benefit of employer 20, the purpose of which is to indemnify employer 20 against the obligations created by the unsecured promise to pay future benefits to employees 40.

Paragraph 088. That is, McCain teaches a system where an employee defers compensation and where a non-taxable entity creates an indemnification trust account to indemnify the employer against the obligation to pay the employee's deferred compensation. Nowhere does McCain teach making a loan for a principal amount to the second entity (e.g., the employee), as required by claim 1. Rather, McCain teaches the employee deferring a portion of his compensation and an indemnification trust account being created for the benefit of the employer.

Burgess does not provide the missing teaching of PLR and McCain. Burgess teaches a method of buying an insurance policy for an employee of a business where the employer pays for a portion of the employee's insurance premiums. Specifically, Burgess teaches "the employer enters a loan agreement to partly cover the employee insurance premiums and agrees to pay the interest on the loan for the life of the plan." Column 4, lines 43-45; *also see* column 7, lines 52-55 ("employer 20 borrows a principle amount from lender 80"); and column 9, line 41-45. That is, Burgess teaches that the employer (i.e., "the first entity") arranges for a loan amount to be loaned to itself (i.e., "the first entity"). Moreover, Burgess teaches away from making a loan to the employee (i.e., the second entity) to pay for any life insurance premiums. For example Burgess teaches:

it would appear that borrowing [by the insured] to pay insurance premiums would be financially quite unfavorable for the insured. The insured would need to encumber collateral to secure the loan, and would incur interest charges on the loan. At least the principle payments on the loan would be from after tax income. Such an arrangement would appear beneficial only to insurance companies in that additional policies could be sold.

column 2, lines 39-46. Accordingly, Burgess teaches away from making a loan for a principal amount to the second entity (i.e., the employee), as required by claim 1.

Furthermore, amended claim 1 requires, in part, "periodically withholding an interest payment amount from the balance of the deferred income account to repay a finance charge for the loan." The USPTO claims that Burgess teaches this limitation at column 4, lines 43-55. Office Action, dated 09/05/2008, pages 6, lines 20-22. However, Burgess teaches the "employee enters a loan agreement to partly cover employee insurance premiums ... employee takes out and owns the life insurance policy, paying the remainder of the premiums from after-tax income ... It is also possible to schedule payments from the employer as bonuses to the employee." Column

4, lines 43-55. Nowhere does Burgess teach periodically withholding an interest payment amount from the balance of the deferred income account to repay a finance charge for the loan, as required by claim 1.

Accordingly, Applicant respectfully requests the allowance of amended claim 1 for at least these reasons.

B. Claims 2-9, 11, and 13-18 Allowable over PLR in view of McCain and Burgess

Applicant overcomes the rejection of claim 2-9, 11, and 13-18 under 35 U.S.C. §102(b) as being allegedly unpatentable over the combination of PLR, McCain, and Burgess because claim 2-9, 11, and 13-18 depend, directly or indirectly, from independent claim 1. Dependent claims must be construed to include all of the limitations of the claims from which they depend, as required by 37 C.F.R. 1.75(c) and M.P.E.P. 608.01(n). The deficiencies of the combination of PLR, McCain, and Burgess in relation to amended claim 1 are discussed above. Accordingly, the USPTO should allow claims 2-9, 11, and 13-18 for at least the same reasons as listed earlier for amended claim 1, as well as for their own respective limitations.

Additionally, claim 4 requires, in part, “the non-deferred portion for the monetary payment is paid to the second entity upon payment by the first entity of the monetary payment.” None of PLR, McCain, or Burgess teach or suggest this limitation. PLR teaches “receiving deferred benefits in lieu of current benefits.” PLR does not teach or suggest deferring only a portion of the monetary benefits, as required by claim 4. Neither McCain nor Burgess provides the missing teaching of PLR. Accordingly, Applicant respectfully requests the allowance of claim 4 for at least this additional reason.

Claim 11 requires, in part, “making an investment in a third party, wherein: the third party makes the loan for the principal amount to the second entity.” None of PLR, McCain, and Burgess teach or suggest making a loan for a principal amount to the second entity, much less making an investment in a third party where the third party makes the loan for the principal amount to the second entity, as required by claim 11. Accordingly, Applicant respectfully requests the allowance of claim 11 for at least this additional reason.

Claim 14 requires, in part, “the loan is secured using at least one of the non-deferred portions of the plurality of monetary payments that has not been paid by the first entity to the second entity at a time when the loan is made.” None of PLR, McCain, and Burgess teach or suggest making a loan for a principal amount to the second entity, much less the loan is secured using at least one of the non-deferred portions of the plurality of monetary payments that has not been paid by the first entity to the second entity at a time when the loan is made, as required by claim 14. Accordingly, Applicant respectfully requests the allowance of claim 14 for at least this additional reason.

C. Amended Claim 19 Is Allowable over PLR in view of McCain and Burgess

Claim 19, as amended, overcomes the rejection under 35 U.S.C. §103(a) as being allegedly obvious over PLR in view of McCain and in further view of Burgess because the combination of PLR, McCain and Burgess does not teach or suggest every limitation of amended claim 19

Claim 19, as amended, requires, in part, “arranging a loan for a principal amount to the tribal member.” As previously discussed, none of PLR, McCain, and Burgess teach or suggest these limitations. PLR teaches a method that allows member of a Tribe to defer per capita

distributions. McCain teaches a system where an employee defers compensation and where a non-taxable entity creates an indemnification trust account to indemnify the employer against the obligation to pay the employee's deferred compensation. Burgess teaches that the employer arranges for a loan amount to be loaned to itself to pay for the employee's life insurance premiums and teaches away from the employee taking out a loan to pay for the life insurance premiums.

Accordingly, Applicant respectfully requests the allowance of amended claim 19 for at least these reasons.

D. Claim 20-24 Are Allowable over PLR in view of McCain and Burgess

Applicant overcomes the rejection of claims 20-24 under 35 U.S.C. §103(a) as being allegedly unpatentable over the combination of PLR, McCain, and Burgess because claims 20-24 depend, directly or indirectly, from independent claim 19. Dependent claims must be construed to include all of the limitations of the claims from which they depend, as required by 37 C.F.R. 1.75(c) and M.P.E.P. 608.01(n). The deficiencies of the combination of PLR, McCain, and Burgess in relation to amended claim 19 are discussed above. Accordingly, the USPTO should allow claims 20-24 for at least the same reasons as listed earlier for amended claim 19, as well as for their own respective limitations.

Additionally, claim 20 requires, in part, "for each of the plurality of monetary payments, a difference between the monetary payment and the deferred portion is a non-deferred portion for the monetary payment; the non-deferred portion for the monetary payment is paid to the tribal member upon payment by the Indian Tribe of the monetary payment." None of PLR, McCain, or Burgess teach or suggest this limitation. PLR teaches "receiving deferred benefits in lieu of

current benefits.” PLR does not teach or suggest deferring only a portion of the monetary benefits, as required by claim 20. Neither McCain nor Burgess provides the missing teaching of PLR. Accordingly, Applicant respectfully requests the allowance of claim 20 for at least this additional reason.

Claim 23 requires, in part, “arranging the loan from a third party for the principal amount to the tribal member.” None of PLR, McCain, and Burgess teach or suggest arranging a loan for a principal amount to the tribal member, much less arranging the loan from a third party for the principal amount to the tribal member, as required by claim 23. Accordingly, Applicant respectfully requests the allowance of claim 23 for at least this additional reason.

Claim 24 requires, in part, “the principal amount is paid after the death of the tribal member out of a death benefit of an insurance policy on the life of the tribal member.” None of PLR, McCain, and Burgess teach or suggest arranging a loan for a principal amount to the tribal member, much less that the principal amount is paid after the death of the tribal member out of a death benefit of an insurance policy on the life of the tribal member, as required by claim 24. Accordingly, Applicant respectfully requests the allowance of claim 24 for at least this additional reason.

E. Claim 25 Is Allowable over PLR in view of McCain and Burgess

Claim 25 overcomes the rejection under 35 U.S.C. §103(a) as being allegedly obvious over PLR in view of McCain and in further view of Burgess because the combination of PLR, McCain and Burgess does not teach or suggest every limitation of claim 25. .

Claim 25 requires, in part, a “loaning a principal amount to the tribal member.” As previously discussed, none of PLR, McCain, and Burgess teach or suggest this limitation. PLR

teaches a method that allows member of a Tribe to defer per capita distributions. McCain teaches a system where an employee defers compensation and where a non-taxable entity creates an indemnification trust account to indemnify the employer against the obligation to pay the employee's deferred compensation. Burgess teaches that the employer arranges for a loan amount to be loaned to itself to pay for the employee's life insurance premiums and teaches away from the employee taking out a loan to pay for the life insurance premiums.

Furthermore, claim 25 requires, in part, "periodically withholding an insurance payment from the balance of the deferred income account to make a premium payment for the insurance policy." The USPTO claims that Burgess teaches this limitation at column 4, lines 43-55. Office Action, dated 09/05/2008, pages 6 lines 20-22. However, Burgess teaches the "employee enters a loan agreement to partly cover employee insurance premiums ... employee takes out and owns the life insurance policy, paying the remainder of the premiums from after-tax income ... It is also possible to schedule payments from the employer as bonuses to the employee." Column 4, lines 43-55. Nowhere does Burgess teach periodically withholding an interest payment amount from the balance of the deferred income account to repay a finance charge for the loan, as required by claim 25.

Accordingly, Applicant respectfully requests the allowance of claim 25 for at least these reasons.

F. Claims 26-31 and 33-39 Are Allowable over PLR in view of McCain and Burgess

Applicant overcomes the rejection of claims 26-31 and 33-39 under 35 U.S.C. §103(a) as being allegedly unpatentable over the combination of PLR, McCain, and Burgess because claims

26-31 and 33-39 depend, directly or indirectly, from independent claim 25. Dependent claims must be construed to include all of the limitations of the claims from which they depend, as required by 37 C.F.R. 1.75(c) and M.P.E.P. 608.01(n). The deficiencies of the combination of PLR, McCain, and Burgess in relation to claim 25 are discussed above. Accordingly, the USPTO should allow claims 26-31 and 33-39 for at least the same reasons as listed earlier for claim 25, as well as for their own respective limitations.

Additionally, claim 27 requires, in part, “the principal amount is a second portion of the balance of the deferred income account.” None of PLR, McCain, and Burgess teach or suggest loaning a principal amount to the tribal member, much less that the principal amount is a second portion of the balance of the deferred income account, as required by claim 27. Accordingly, Applicant respectfully requests the allowance of claim 27 for at least this additional reason.

Claim 34 requires, in part, “the loan is secured using at least one of the non-deferred portions of the plurality of monetary payments that has not been paid by the Indian Tribe to the tribal member at a time when the loan is made.” None of PLR, McCain, and Burgess teach or suggest loaning a principal amount to the tribal member, much less that the loan is secured using at least one of the non-deferred portions of the plurality of monetary payments that has not been paid by the Indian Tribe to the tribal member at a time when the loan is made, as required by claim 34. Accordingly, Applicant respectfully requests the allowance of claim 34 for at least this additional reason.

G. Claims 12 and 32 are Allowable over PLR, McCain, Burgess and Walker

Claims 12 and 32 overcomes the rejection under 35 U.S.C. §103(a) as being allegedly obvious over PLR in view of McCain and Burgess in further view of U.S. Patent No. 6,088,686.

to Walker because the combination of PLR, McCain, Burgess, and Walker does not teach or suggest every limitation of claims 12 and 32.

Claim 12 depends from independent claim 1. Claim 32 depends from independent claim 25. Dependent claims must be construed to include all of the limitations of the claims from which they depend, as required by 37 C.F.R. 1.75(c) and M.P.E.P. 608.01(n). The deficiencies of PLR, McCain, and Burgess in relation to claims 1 and 25 are discussed above.

Walker does not provide the missing teaching of PLR, McCain, and Burgess. Walker teaches an on-line computerized system to streamline the processing of applications of products and services of financial institutions. Nowhere does Walker teach or suggest making a loan for a principal amount to the second entity, as required by independent claim 1. Furthermore, Walker also does not teach or suggest loaning a principal amount to the tribal member, as required by independent claim 25. Accordingly, the USPTO should allow claims 12 and 32 for at least the same reasons as explained for claims 1 and 25, respectively, as well as for their own respective limitations.

CONCLUSION

Applicant has made an earnest attempt to place this case in condition for allowance. In light of the amended claims and remarks set forth above, Applicant respectfully request consideration and allowance of all of the pending claims.

Applicant respectfully requests that the \$1,355.00 extension fee due in connection with this Response to Office Action be charged to Account No. 02-4467. However, the Commissioner for Patents is hereby authorized to charge any additional fees necessitated by the filing of this paper, or credit any overpayment, to Account No. 02-4467.

If matters can be discussed by telephone to further the prosecution of this application, Applicant invites Examiner Tran to call the undersigned attorney at the Examiner's convenience.

Respectfully submitted,



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